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ORIGINAL

February 15, 2014

Arizona Corporation Commission  
Docket Control Division  
1200 W Washington St  
Phoenix AZ 85007

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION  
DOCKET CONTROL

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RE: Staff Report for Cibola Mutual Water Co. Inc.'s  
Application for a Permanent Rate Increase.  
Docket No. W-04106A-13-0266

A. Item VII Other Issues

1. Service Line and Meter Installation Charges.

Does boring under a paved road also cover opening the paved road from the top? We do not bore under paved roads because we do not have the equipment necessary for this, and due to our location no local contractors with required equipment. Our distribution lines all run 3 ft. off center of roads under pavement. Our material costs alone are \$650. not including labor \$75. and excavation work by a contractor \$750. totaling \$1475 leaving CMWCo., Inc. with \$775. negative. See our bids attached to our original Rate Application. If the answer to the first part of this question is that the boring under a paved road also covers any opening of a paved road from the top, then the latter part of our question is answered.

2. Why is there no charge for a 5" meter per Staff Recommendations?

B Is the cost of refunding the meter installation charges (advances) included in this Staff Recommendation?

C We do not feel the Staff's Recommended Rate Increase will meet our incurred expenses in the future. Our 2013 Water Revenue was \$94,469 and our expenses were \$135,823 creating a \$41,354 negative. This does not include our USDA-Rural Development requirement to keep 10% of our Revenue in reserve to pay toward our loan with them. Or any reserve for Systems Repair or Replacement. Staff's proposed increase to \$52.00 plus \$4.00 per 1000 gallons = \$56.00. Times our 157 current active meters = \$10,550 per year increase = \$105,019 in revenue which is still \$30,804 negative from 2013 expenses of \$135,823.

We feel our operation is operating at a minimum expense level now, as we have been trying to cut expenses for the last two years. At this rate CMWCo. may be declaring Bankruptcy by the end of this year. If the ACC has any programs or help on operating our system we would appreciate your help. Our projected expenses for 2014 is \$155,000 because of equipment in need of repair or replacement. Any questions please contact office.

Dave Grundy, General Manger